

Lord Barker on green aluminium, climate-focused recovery, and the road to COP26

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Lord Barker took a leave of absence from the House of Lords in February 2019 to run EN+

The London Metal Exchange confirmed earlier this month it intends to give low-carbon aluminium its own trading platform, meaning that for the first time in the trading hub's near 150-year history a commodity will be traded based on its environmental footprint.

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The move marks a major sustainability milestone for the metals sector, and is a feather in the cap for executive chairman of Russian aluminium and energy company En+ Group - and former UK energy and climate change minister - Greg Barker, or Lord Barker of Battle to give him his full title, who has long been lobbying the LME to develop a 'green' aluminium market.

"In the sector, we've got a lot to do," Lord Barker acknowledges, pondering what it means to be a responsible business in the aftermath of the coronavirus crisis. "And that starts with being a lot more transparent about the carbon footprint of the products we make and the metal that we produce. To use the old saying, only when you measure something can you begin to manage it."

The new platform at the LME is a "significant milestone" on the pathway to a net zero future, according to Barker, who argues the distinction between low-carbon aluminium and higher carbon equivalents will help leaders to truly 'build back better' in the wake of the pandemic. Aluminium, which is infinitely recyclable, is a critical component to technologies essential to decarbonisation, clean energy production, and boosting energy efficiency, as well as being a major contender as a more sustainable alternative to plastic bottles.

But there are significant discrepancies between aluminium producers' carbon footprints. Rusal, the aluminium company majority owned by EN+ Group, produces aluminium at 2.9 tonnes of carbon per tonne by relying on its parent company's vast fleet of hydroelectric powered smelters in Siberia. In contrast, Chinese aluminium, which accounts for roughly 60 per cent of the market, generates an average of 16 tonnes of carbon per tonne of aluminium. And overall, aluminium smelting is responsible for a huge one per cent of global emissions.

"You don't want to just build back better," says Lord Barker, repeating the mantra of advocates of a green economic recovery to the coronavirus crisis. "It's not just what you create, but what you create it with. There's no point investing in EVs and running them on clean electricity if the vehicles themselves are constructed out of aluminium coming from coal-fired electricity in China."

While Barker's fight to secure low-carbon aluminium its own asset class long predates the coronavirus crisis, he argues the importance of establishing better emissions transparency over the aluminium supply chain is even more pertinent

after the pandemic. Better oversight over the metal's embodied emissions will be a boon to climate-sensitive governments looking to invest heavily in infrastructure to reboot coronavirus-damaged economies in an environmentally responsible manner. And more sustainable approaches to procurement should be welcomed by businesses and consumers, who Barker predicts will be more concerned with resilience and sustainability in the wake of the pandemic.

"In the long-term, there will be a shift in mindset that will make people much more focused on resilience and sustainability and de-risking both their business model and also their everyday lives," Barker says. "Companies, society, people - basically humankind - is going to be much more thoughtful and questioning about the world that they live in and just how secure it is."

Having helped secure a platform on the exchange for low-carbon aluminium Barker is now focused on helping the firm deliver on delivering the conglomerate's sustainability goals, which include driving the emissions footprint of its metals division to zero in line with global climate targets.

"The steps made by the LME is only the beginning of the journey and more needs to be done," he says. "Whilst a number of the leading companies provide low carbon products, we still lack the new asset class. The definition of what can be called a 'low carbon aluminium' will come as a result of a collaboration with various participants of the market, especially the customers and investment community."

Much more needs to be done to make Rusal's aluminium compatible with a net zero economy, too. As such significant investment to commercialise new smelting technologies - including inert anode technology, which removes carbon from the smelting process - and work with the shipping and transport industry to decarbonise global supply chains is urgently required, Barker argues. The company's aluminium is, after all, produced by minerals mined in the Caribbean and West Africa and refined in Ireland.

"At every stage, it's about innovation," Barker muses. "And I think this crisis that we've just come out of is going to give an edge to people's appetite to get going faster and sooner, and help de-risk the whole economic model."

Indeed, Barker is optimistic about the impact the coronavirus will have on the world's sustainability ambitions, noting that the pandemic could propel the world decisively down the path identified four years ago at the landmark Paris climate conference.

"What we are talking about is accelerating an existing trend or increasing the trajectory of an already-clear path," he says. "That's exactly what we needed to do, coming out of Paris, with the broad framework. We knew then what we needed to do, but we had to find the ambition to actually do it and a much faster and greater scale and pace of change."

And Barker is broadly encouraged by the promises made by politicians this far. "There have been some very encouraging statements from Europe - particularly from Macron in France and from Germany - about the necessity of investing in the economy to get economic growth going again, and using this as a one-off chance to really have a step change towards the tools a low carbon economy," he reflects.

However, he quickly warns the green recovery is going to require significant buy-in across the private and public sectors. "It's not going to happen by itself," he says. "It will require people to step up and make positive choices and it will require activist investors, it will require proactive leadership from business, and it will require very clear policy choices from politicians."

As such, Barker recently joined leaders of 154 other major corporations to support a major UN-backed campaign that demanded that governments align their coronavirus economic aid and recovery efforts with the latest climate science. The business voices, which together had a market capitalisation of \$2.4tr called on leaders to ensure all recovery policies are designed to help limit global temperature rise to the 1.5C limit outlined in the Paris Agreement.

In the UK, he says, the government should use its recovery package to ramp up energy efficiency efforts crucial to the country reaching its net zero ambition. On their own, market-based solutions fall short of tackling the task at hand, Barker warns, reflecting on his efforts as Energy and Climate Change Minister to help upgrade the UK's housing stock. As such the government must use its forthcoming policy interventions to help improving the efficiency of the UK carbon stock, Barker advises.

"I was very much involved in trying to push a market-based solution to energy efficiency and advanced energy efficiency," he recalls. "And that experience says, a market-based solution won't be enough. You need a really strong government, and it needs government investment. And now that they are opening the tax for infrastructure projects, I can't think of a better use of taxpayers' money for the coronavirus recovery than really ramping up ambition around domestic and business energy efficiency."

It remains to be seen whether and how the UK government will deliver on promises from senior government ministers over the past months that it will engineer a green recovery to the pandemic. Chancellor Rishi Sunak is set to unveil an economic stimulus package in July that reports claim is set to create thousands of jobs in clean energy and energy efficiency.

Barker is overall encouraged by the "excellent" statements of ambition coming from senior British government figures when it comes to climate action, singling out Minister for Pacific and Environment Zac Goldsmith - who lost his seat in the 2019 election but was quickly elevated to the House of Lords by the Prime Minister - as a "standout minister".

And, he says, the government has taken the right approach to the COP climate conference, which it is now set to host in Glasgow in November 2021, after a one-year delay. "Although it was disappointing that it had to be postponed, it could actually end up being more powerful in 2021, when the UK chairs the G7 and Italy, our co-host, chairs the G20," Barker predicts. "It's going to create a nexus of convening power for climate leaders."

Moreover, despite his reservations about some aspects of Theresa May's administration, it is impossible to "deny the legacy" of its decision to legally commit the UK to net zero emissions in its last hour, Barker acknowledges. "And it's to the huge credit of Boris Johnson, that on coming to office, he didn't junk it, he embraced it," he adds. "There is still a lot more that we need to do in order to deliver it, but the fact that the UK has reduced carbon emissions by more than any other major economy in the world can't be ignored."

Does he miss being in government at a time when an unprecedented global crisis has made climate-savvy leadership more important than ever? Barker, who took a

leave of absence from the House of Lords more than a year ago to focus on his responsibilities at EN+ Group, insists not. "I'm very happy with my career choices," he reflects. "I had over a decade holding the climate brief for the Conservatives. I was very fortunate. But the political spin cycle moves even quicker and quicker and I have had my go. I'm now just an interested spectator."

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